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DAILY

STAFF SUMMARY

A DEPARTMENT OF STATE
POLICY REPORT

~~TOP SECRET~~

DEPARTMENT OF STATE

STAFF SUMMARY

May 3, 1954

CONTENTS

FAR EAST

Page

UK Views on "United Action"	1
Nehru's Position at Colombo	1
Eden Message to Colombo Conference	1
Communist Bloc United at Geneva	2
Communist Position on Korea Unchanged	2

EUROPE

New German Paper on Saar	3
German Dissatisfaction with Western Policy	3
Italians Skeptical of EDC Prospects	4

NEAR EAST

Comment on Egypt-UK Attitudes	4
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UNITED NATIONS

Views on Palestine Debate	5
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(Closed 7:55 a.m.)

TOP SECRET

75774

- 1 -

FAR EAST:

UK Views on "United Action" - The Secretary asked Eden on Saturday if the British would not reconsider their decision and agree now to participate in an ad hoc group of ten nations with informal talks starting promptly in Washington. The Secretary stressed that as matters stood the French literally had no alternative to disguised surrender. Eden's initial reaction was that he would give the matter some thought, but he remarked that he had a dislike for giving a public impression of talking about something which he was not prepared to do, i.e., intervene militarily in Indochina.

However, following a second conversation on this subject, Eden seemed definitely impressed. The Secretary made the point that we were seeking some form of military support of the French in Indochina which would reduce the drain on French manpower without calling for replacement by Allied ground forces and he said he did not believe this was beyond the military wit to devise. Eden indicated that he recognized the distinction between fighting in Vietnam on the one hand and aggression against Laos and Cambodia on the other. He also tentatively indicated his willingness to join a coalition which would fight external aggression in an area to include Thailand and Burma (which he was hopeful of being able to persuade to join) as well as Malaya. Geneva Dulte 42 5/2 (TS)

Nehru's Position at Colombo - Pakistan's Prime Minister told Embassy Colombo April 29 that Nehru was putting the utmost pressure on him and the Ceylonese Prime Minister to back Communist China's admission to the UN and to agree to Nehru's views on other controversial points such as non-intervention in Indochina. The Pakistan official said he had no intention of giving in to Nehru and believed he would continue to have the support of Ceylon. He also said he came to Colombo only on the express understanding that any decisions arrived at by the conference would have to be unanimous. However, Nehru was now attempting to get the Prime Ministers to agree to a majority and a minority report.

Colombo 340 4/30 (S)

Eden Message to Colombo Conference - In a personal message to the three Commonwealth Prime Ministers attending the Colombo

TOP SECRET

-2-

conference Eden assured them he would constantly have in mind the desirability of maintaining understanding with his Commonwealth partners and his actions would not be out of line with Asian opinion.

In a separate message to Nehru he noted the "interesting suggestions" made by Nehru in the Indian Parliament and said he would give them thorough consideration. He also told Nehru he had made it clear to the US and France that the UK would be glad to guarantee any Indochina settlement arising out of Geneva and expressed the hope the Asian Commonwealth members would do likewise. Embassy London was advised that the British were relieved that Nehru's statement was much milder than had been expected and that Eden's message was designed to keep the Colombo conference more or less on the rails. London 4832 4/30 (S)

Communist Bloc United at Geneva - Our delegation at Geneva reports that to date there has been no development at Geneva which would tend to indicate anything but complete Communist bloc unity. Both the Soviet and the Chinese Communist delegations are endeavoring to create the impression that Communist China is a great power which will insist on making up its own mind on policy.

Our delegation believes that the utmost caution should be taken in any statements attributed to official US sources to avoid the implication there are major Sino-Soviet differences at Geneva. Allegations of Chinese independence of policy can only contribute to Asian wishful thinking that Communist China is somehow more Asian than Communist and can therefore be dealt with in a more reasonable way than the USSR. Geneva Secto 45 4/30 (C)

Communist Position on Korea Unchanged - Our Geneva delegation reports that the restricted meeting on Korea held Saturday afternoon and attended by the Secretary, Pyun, Bidault, Eden, Nam Il, Chou En-lai and Molotov did not show the slightest indication of any willingness of the Communist bloc to modify their positions whatever. The Secretary distributed a "memorandum of the principal points to be resolved in connection with the creation of a united and independent Korea."

75281

TOP SECRET

TOP SECRET

-3-

Nam Il made a long statement rejecting any international supervision of elections and demanding withdrawal of UN and Chinese forces simultaneously within six months. Chou made the flat statement that the war in Korea was started by the US and that therefore the US was the aggressor. Our delegation comments that Molotov was obviously sitting back and letting Chou and Nam Il take the lead.

Prior to this Pyun stated he had no objections to such a meeting and that he "now" had entire confidence that the US is not going to "sell the ROK down the river." He also said he had been approached on two occasions by the North Koreans in an apparent attempt to arrange a meeting between him and Nam Il.

Geneva Secto 69 (2 Secs. 5/2 (C) Geneva Secto 58 4/30 (C)

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EUROPE:

New German Paper on Saar - The Secretary advises that he is not inclined to wait much longer for US-UK joint action on the Saar negotiations. He is not disposed to send a personal message to Adenauer on this subject at this time.

Blankenhorn has given our Geneva delegation a copy of a paper representing the ultimate extent to which Germany can go on the Saar. Hallstein will give the paper to Maurice Schumann today. Blankenhorn emphasized that as a result of the total lack of action on EDC and the Saar in the last six months Adenauer's position in Germany was daily becoming more difficult and the tide of German nationalism was rising. He mentioned that there were four elections in Germany this year which would go badly for Adenauer and German moderate elements if they went beyond the position expressed in this latest Saar paper. Geneva Secto 52 4/30 (S) Geneva Dulte 44 5/2 (S)

German Dissatisfaction with Western Policy - Our Bonn mission comments that German popular support for Western policy has diminished considerably since the Berlin Conference. Dissatisfaction stems from the belief that the West, particularly the Federal Republic and the US, are blocking all opportunities for the improvement of East-West relations. Although most responsible German

70/87

TOP SECRET

TOP SECRET

-4-

leaders do not share this conviction, it is otherwise generally prevalent and the Socialists are capitalizing on it. In the recent foreign policy debate in the Bundestag, the Socialists showed they now consider it politically advantageous to step up their opposition to US policy. Bonn 3336 4/30 (S) 3350 5/1 (S)

Italians Skeptical of EDC Prospects - Italian Foreign Office officials returning from the Paris NATO ministerial meeting are extremely pessimistic regarding the possibilities of French ratification of EDC. These officials point out that no Italian government would risk a major battle on EDC if it believed that the French would not ratify the treaty. The draft law presented to the Italian Chamber on April 6 has not yet been printed and distributed to the deputies, but it is expected that the Foreign Affairs Commission's discussions will begin the middle of this month and be terminated by the end of June. Rome 3449 4/29 (C)

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NEAR EAST:

Comment on Egypt-UK Attitudes - Embassy Cairo believes that a number of recent positive acts by the Egyptian Government, some of them of little consequence in themselves, add up to the inference that Egypt is endeavoring to set the stage for resumption of negotiations with the UK. Among such acts are: an outspokenly anti-Communist drive; few public attacks against the UK; strong efforts to maintain public order in the canal zone; a non-hostile reaction to the official announcement of US military aid to Iraq; and more public friendliness demonstrated for the British Ambassador.

Embassy London believes the UK is still sincerely anxious to carry through on the new proposals. The Embassy does not believe the British intend to postpone a decision on Suez until the end of the Geneva conference but simply until Eden's return to London, which is expected within two or three weeks after the start of the conference.

Cairo 1374 4/30 (S) London 4841 4/30 (TS)

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TOP SECRET

- 5 -

UNITED NATIONS:

Views on Palestine Debate - With the objective of obtaining some constructive action from the present SC debate on the Israel-Jordan dispute whether or not the USSR vetoes and to offset the political effect of a Soviet veto if it occurs, we believe the most desirable action would be a consolidated resolution which, inter alia, would: 1) censure Israel for the Nahhalin incident; 2) request the Chief of Staff of the Truce Supervisory Organization (TSO) to make every effort to find those guilty of the Scorpion Pass massacre; 3) decide to have a rapporteur of the SC undertake a survey of what may be done to ensure respect for and enforcement of the Jordan-Israel Armistice Agreement and to increase the effectiveness of the TSO.

We believe it is increasingly important to expose the motives behind Soviet vetoes on the Palestine case and to warn Israel and the Arab countries of the serious consequences to them if the Soviet veto is permitted to sweep away the present restraints of the Armistice Agreements. Beyond this, we intend to seek UK and French agreement to a joint statement in the SC at an appropriate time applying the Tripartite Declaration of May 1950 to the situation created by abuse of the veto power. To New York 534 4/30 (C)

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TOP SECRET

TOP SECRET

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May 3, 1954

S I G N A T U R E R E C O R D

<u>TO</u>	<u>SUBJECT</u>	<u>DRAFTING OFFICER</u>	<u>SIGNATURE</u>
Flemming, Arthur S.	NATO shipping problem	EUR:RA:JWSvihart	Murphy
Hughes, Roland R.	Payment of certain additional war claims	EUR:GER:JJReinstein L/GER:JMRaymond	Murphy
McCloy, John J.	General US policy regarding the deposit of local currency funds in central banks and/or American branch banks	S/MSA:RMSkiff	Murphy
The President	Nomination of new Deputy US Representative to the UN Disarmament Commission	UNA:EBWatts	Smith

(RECORD CLOSED 10:00 A.M., May 1, 1954)

TOP SECRET

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TOP SECRET

May 3, 1954

The Secretary
 The Under Secretary
 The Under Secretary for Administration
 The Deputy Under Secretary

DEPARTMENT OF STATE

SUMMARY OF MAJOR DECISIONS

<u>Date</u>	<u>Decisions by the Acting Secretary (U)</u>	<u>Action Office</u>
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ORAL

4/29/54	<u>Indochina Situation</u> - Agreed in NSC that despite UK unwillingness and without awaiting Geneva conference developments, the US should continue its efforts to organize a regional grouping, including initially the US, France, the Associated States and other interested nations, for the defense of Southeast Asia against any type of Communist efforts to gain control.	FE EUR
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4/29/54	<u>US Policy Toward Iran</u> - Agreed in NSC that if an oil settlement is still unachieved by June 1, 1954 and it appears the negotiations will fail, the US will review its policy toward the problem, including giving consideration to taking independent action with Iran in order to bring about the resumption of its oil revenues as a stabilizing influence tending to obviate the need for US emergency assistance.	NEA EUR
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4/29/54	<u>US Rubber Policy</u> - Agreed in NSC that: 1) the US at the Rubber Study Group meeting should indicate our willingness sympathetically to consider in cooperation with others the possibility of assisting natural-rubber countries to improve their producing efficiency without making a precise commitment of the extent or means of such assistance, should decline to participate in a rubber buffer stock agreement and should refuse to free rubber at this time from the China embargo; and 2) the NSC Planning Board would study further certain other US courses of action.	E FE NEA ARA EUR
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Decisions by the Acting Secretary (G)

WRITTEN

4/30/54	<u>NATO Shipping Problem</u> - Suggested, in reply to the ODM Director's policy memorandum on the shipping to be pre-allocated to Defense in the event of full-scale mobilization, that the FBCS Back-stopping Committee work out how the matter is to be presented to NATO.	EUR E
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FOA Organization

TOP SECRET

~~TOP SECRET~~

Page 2

DateDecisions by the Acting Secretary (G)Action OfficeWRITTEN

4/30/54	<p><u>FOA Organization in Tokyo</u> - Agreed that if approached by Director Stassen we should: 1) firmly oppose the establishment of a US Operations Mission in Tokyo and thus avoid the resultant false impression of the size of our economic program; 2) suggest that FOA and State consider the matter further in the light of recently received information from Embassy Tokyo.</p>	FE S/MSA
4/30/54	<p><u>Disposition of Enemy Assets</u> - Informed the Budget Bureau of: 1) our firm opposition to the further use of former enemy private assets pending a final decision on their disposition and possible return; 2) our active consideration of the subject in view of the Secretary's belief that the US should adhere to its historic policy of non-confiscation of enemy private property; and 3) our continued opposition to any further use of the proceeds of German assets to pay claims against Japan.</p>	EUR GER FE L H
4/30/54	<p><u>Fukuryu Maru Incident</u> - Endorsed the principle of a lump sum settlement for the victims of the Fukuryu Maru incident, subject to Congressional concurrence, and recommended that Embassy Tokyo, when informing the Japanese, also make clear the US position on providing information, examining evidence, extinguishing further claims and obtaining a reasonable compensation figure.</p>	FE S/AE L A

(SUMMARY CLOSED 6:00 P.M., April 30, 1954)

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TOP SECRET